

Ameritech plans to expand the Friendly User Trial to include additional Ameritech employees for a period of approximately ninety days. The expansion of the trial is based on the recommendation of an outside consultant who recommends that all of the systems be tested for a peak load of twenty thousand orders per day. Ameritech cannot reach these testing levels without the Friendly User expansion.

Ameritech believes, for at least two reasons, that an expansion of the trial to additional Ameritech employees -- as well as the activities it has undertaken to date -- are fully authorized under the Communications Act of 1996 (the Act). First, the trial is not an interLATA service, as that term has been interpreted by the Commission. It is thus outside the reach of section 271(a). Second, even assuming, *arguendo*, that the trial is an interLATA service for purposes of section 271(a), it is permitted under section 271(f). These conclusions are discussed below.

Section 271(a) prohibits a BOC from providing in-region "interLATA services" prior to receiving section 271 authority. In the Non-Accounting Safeguards Order (CC Docket No. 96-149), the Commission concluded that the term "interLATA services" encompasses two categories of services: (1) interLATA telecommunications services; and (2) interLATA information services.³ Clearly, Ameritech's friendly user trial is not an interLATA information service. Thus, it is subject to section 271(a) only if it represents an interLATA telecommunications service. The Act defines a "telecommunications service," however, as "the offering of telecommunications for a fee directly to the public . . ." (emphasis added). Because Ameritech's friendly user trial is neither offered to the public nor offered for a fee, it is not a telecommunications service. It is thus outside the scope of section 271(a).⁴

³ Implementation of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, CC Docket No. 96-149, FCC 96-489, released December 24, 1996, at para. 55.

⁴ Ameritech recognizes that the Act uses the term "telecommunications," rather than "telecommunications services" in defining "interLATA service." In the Non-Accounting Safeguards Order, the Commission explained this apparent anomaly. As the Commission found, by using the term "telecommunications," Congress included within the reach of section 271(a), not only interLATA telecommunications services, but also interLATA information services, which are provided on a bundled basis via telecommunications, but which would not have been subject to section 271 if that section applied only to telecommunications services. Thus, the use of the more generic term "telecommunications" in the Act.

Even if Ameritech's friendly user trial were considered to be an interLATA service for purposes of section 271(a), it would, nevertheless, be an authorized activity by virtue of section 271(f). That section provides that, notwithstanding section 271(a), a Bell operating company or affiliate may engage in "previously authorized activities." Therefore, under that provision, a BOC or its affiliates may provide any interLATA service that they were authorized to provide as of the day of enactment of the 1996 Act.

Ameritech was authorized to conduct the Friendly User Trial as of the day of enactment of the 1996 Act because the trial constitutes an "official service." In a 1983 decision interpreting the scope of the decree, Judge Greene squarely held that "official services" are outside both the letter and the spirit of the decree and thus may be provided by the BOCs, regardless of whether they are intraLATA or interLATA in nature.⁵

Turning, first, to the spirit of the decree, the court concluded "it makes no sense to prohibit the Operating Companies from using, constructing, and operating on their own the facilities they need to conduct Official Services, whether they be intraLATA or interLATA in character[.]"⁶ The court based this conclusion on the costs and inefficiencies that would arise if the BOCs were prohibited from providing interLATA official services and its conclusion that the rationale underlying the decree "is wholly inapplicable to the provision of interLATA service by each Operating Company for its own internal, official purposes."⁷ Noting that the interLATA prohibition was designed to address two forms of anticompetitive behavior – discrimination and cross-subsidization – the court held "[n]either of these reasons is

⁵ The court described four categories of official services: (1) the operational support system network, which is a network of dedicated voice and data private lines used to monitor and control trunks and switches; (2) the information processing network, which is a network of dedicated lines linking information systems that are used to transmit data relating to trouble reports, service orders, trunk orders, and other business information; (3) service circuits used to receive repair calls and directory assistance calls from customers; and (4) voice communications used by the Operating Companies for hundreds of thousands of calls relating to their internal businesses. Ameritech's friendly user trial fits within the fourth category described by Judge Greene as the purpose of the trial is to test Ameritech's systems and procedures - a purpose which is uniquely related to Ameritech's internal businesses. (Emphasis added)

⁶ *Id.* at 1098.

⁷ *Id.* at 1100.

implicated by the ownership and operation by an Operating Company of its own interLATA Official Service network."⁸

Having concluded that the spirit of the decree did not require a prohibition on the provision by the BOCs of interLATA official services, the court went on to find that the text of the decree likewise required no such result:

While the Operating Companies are prohibited by section II(D)(1) from providing "interexchange telecommunications services," section IV(P) defines "telecommunications services" as "offering *for hire* of telecommunications facilities." . . . Obviously, the Official Services are not "for hire."⁹

This reasoning compels the conclusion that Ameritech's friendly user trial is permissible under the Act. Insofar as the trial is not a commercial, for-profit undertaking, but a "give-away" of service as part of a test, Ameritech clearly has no incentive or ability to use the trial to anticompetitive ends. Moreover, as explained above, the failure to conduct this trial would unnecessarily and significantly impact Ameritech's ability to provide interLATA services upon receipt of section 271 authority. Not only would this deny the public the long-awaited benefit of additional competition in long-distance services, it would upset the competitive balance carefully crafted by Congress in the 1996 Act.

As the Commission is aware, there are a number of obligations and rights in the Act that are triggered by a BOC's receipt of interLATA authority. These include the obligation of a BOC to provide intraLATA toll dialing parity in certain circumstances, and the right of the largest interexchange carriers to jointly market interLATA and resold local exchange services. In tying these rights and obligations to BOC receipt of interLATA authority, Congress clearly contemplated and intended that a BOC would have the ability to provide service on receipt of such authority. Its purpose was to

⁸ *Id.* at note 187.

⁹ *Id.* at 1100 (emphasis supplied by court). The court went on to note that the decree similarly prohibits the BOCs from engaging in information services, but expressly permits them to engage in such services "for the management, control, or operation of a telecommunications system or the management of a telecommunications service." *Id.*

Ms. Regina Keeney
April 21, 1997
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create a level playing field. Construing the Act to preclude preauthorization testing of interLATA services would dramatically tilt this playing field. Absent such testing, Ameritech could not enter the long distance market upon its authorization to do so. That would not only be unfair to the BOCs, but contrary to the public's interest in fair and balanced rules of competition.

In short, there is no reason why Ameritech should not be permitted to conduct the necessary testing of its interLATA services prior to receiving section 271 authority. Ameritech believes that the trial falls outside the scope of section 271 insofar as the Commission has defined interLATA services as encompassing interLATA telecommunications service and interLATA information services. But even if that is not the case -- that is, even if the Commission finds that section 271(a) applies to activities that are not services -- the Commission must find that the trial is a previously authorized activity under section 271(f). A contrary conclusion would require a tortured reading of the 1996 Act -- a reading that would be especially inappropriate insofar as it would be directly contrary to the public interest.

Sincerely,

A handwritten signature in cursive script, reading "Lynn S. Starr". The signature is written in dark ink on a white background.

Lynn S. Starr

Attachment

cc: David Ellen
Carol Matthey
Don Stockdale
Melissa Waksman

E

EXHIBIT E

LCI International[®]

Worldwide Telecommunications

Anne K. Bingham
Senior Vice President
President, Local
Telecommunications Division

May 22, 1997

HAND DELIVERED

Mr. Neil Cox
President
Ameritech Information Industry Services
350 North Orleans, Floor Three
Chicago, IL 60654

Dear Neil:

I write to make you personally aware of the continuous stream of problems that LCI has encountered working with Ameritech to provide competitive local service in your region in spite of the best efforts of your line staff. The problems appear to be the direct result of legal, marketing, and staffing decisions made at upper management levels, which is why I am addressing this letter to you. Attached you will find 28 documents:

- 25 letters in chronological order, 10 drafted by me and the remaining 15 drafted by my staff, come first.
- Two faxes from Ameritech's Michael O'Sullivan follow the letters. I note in this regard that while Mr. O'Sullivan recently forwarded these faxes to LCI, he never has responded in writing to LCI letters. I can only conclude from this paucity of documentation that Ameritech is either grossly and seriously under staffed; or that Mr. O'Sullivan is following a deliberate Ameritech policy of putting as little as possible in writing while its various 271 applications are pending. In either case, LCI has been greatly frustrated by the lack of action as detailed below, or even the courtesy of a written response from Ameritech.
- The Ohio resale agreement between Ameritech and LCI is the final attachment, addressed below.

LCI has encountered numerous barriers erected by Ameritech that make providing competitive local service in Ameritech's region at best difficult and in many cases impossible. First, evidence continues to emerge suggesting that Ameritech has deliberately foreclosed competition altogether by locking customers into long-term contracts with huge termination charges for several important product lines. Second, Ameritech is deliberately forestalling network platform competition by refusing to permit LCI to order or test a combination of unbundled network elements ("UNE"). Third, Ameritech is not providing operations support system ("OSS") parity to LCI, which has limited LCI's ability to deliver a truly competitive service. Each of these is set forth briefly below.

I. AMERITECH'S APPARENT EFFORT TO FORECLOSE COMPETITION BY LOCKING CUSTOMERS INTO LONG-TERM CONTRACTS

Ameritech is deliberately foreclosing competition by locking up a substantial segment of the local market by tying customers to long-term contracts with huge termination penalties in every major market segment purportedly open to competition. This appears to have been done in the fairly recent past by Ameritech with the purpose and effect of foreclosing huge portions of the customer base from competitors' reach.

The FCC expressly addressed such long-term contracts entered into before competition had developed in its December 24, 1996 NPRM on access charges. At paragraph 190 therein, the FCC stated:

By "locking in" customers with substantial discounts for long-term contracts and volume commitments before a new entrant that could become more efficient than the incumbent can offer comparable volume and term discounts, it is possible that even a relatively inefficient incumbent LEC may be able to forestall the day when the more efficient entrant is able to provide customers with better prices.

In antitrust terms, such contracts can constitute illegal maintenance of a monopoly in violation of Section 2 of the Sherman Act.

A. Ameritech's long-term intraLATA toll call contracts foreclose up to 50 percent of both the local and intraLATA markets from competition

We have recently become aware that long-term contracts for Ameritech's intraLATA toll service, typically called "Value Link," may bind as many as 50 percent of business customers, according to LCI sales staff. See Exhibit T. After first contacting Ameritech regarding Value Link in March, your organization stated that LCI must either assume liability for each contract or pay the customer's termination penalty. See Exhibits N and T. This huge base of Value Link contracts appears to have been deliberately created in anticipation of competition in order to foreclose competitors' access to this

important market. Ameritech has refused to verify our estimate (see Exhibit T), and we hereby request that you do so.

Value Link contracts are anticompetitive in another manner as well. We have recently become aware that in 2PIC states, such as Illinois, where today customers legally have the right to choose separate local and intraLATA service providers, Ameritech's billing system is designed so that the local portion of Value Link customers' bills cannot be separated from the intraLATA portion. Effectively, Ameritech's billing system thereby precludes LCI from offering even local service to customers in 2PIC states, where such customers have Value Link contracts (unless LCI itself assumes liability for the Value Link contract or pays the customer's termination penalty).

Thus, by means of its defective and inadequate billing system, Ameritech has effected an illegal tie of local service to its long-term Value Link contracts, again foreclosing what may be as much as 50 percent of the business market from local competition. As noted previously, our efforts to resolve this vitally important issue have met with zero success to date.

B. Ameritech's long-term Centrex contracts also foreclose up to 50 percent of the small business market from effective competition

As you know, Ameritech's Centrex product is sold principally to business customers with less than 20 lines. This is so because it typically becomes economic to install a dedicated T-1 access for over 20 lines, and to use a PBX on the customer's premises, rather than Centrex.

To date, LCI sales staff have reported 50 separate instances where businesses in the Ameritech region have indicated that they cannot elect LCI local service because of long-term Centrex contracts. Of these 50 contracts, over 40 percent run for a seven year term, and have huge termination penalties. The pervasiveness and term length of these contracts suggest a concerted effort to bar local competition in the Ameritech region.

LCI does not have access to precise data on the percentage of the small business market foreclosed by Centrex contract. LCI hereby requests this information promptly.

C. Ameritech has foreclosed competition for a major portion of the large business telephone market, by locking in such customers with volume discounts under long-term contracts subject to large termination penalties

From what our Chicago sales office has recently told me, Ameritech has engaged in similar long-term contracts with huge termination penalties for major segments of the business market. LCI hereby requests full information on those contracts, their terms,

and the percentage of the market foreclosed. We believe these contracts also can constitute illegal maintenance of a monopoly.

II. AMERITECH'S EFFORTS TO PREVENT LCI FROM EITHER PURCHASING OR TESTING UNES

LCI first indicated its desire to transition to UNES in October 1996. See Exhibit A. After an additional eight written requests and two meetings, Ameritech continues to refuse to enter an agreement either to sell or to test the UNE platform that LCI needs. See Exhibits B, E, G, I, M, P, Q and Y. Ameritech knows that LCI cannot compete effectively on price without transitioning to UNES, and Ameritech evidently has employed a negotiating strategy of calculated ineptitude designed to delay indefinitely any forward progress on selling or testing LCI's requested UNE platform.

A. Refusal to provide LCI with the requested UNE platform

At our February 28 meeting, LCI outlined in great detail its desire to order from Ameritech a UNE platform, composed of the loop, switch, and non-discriminatory access to Ameritech's interoffice network for transporting and terminating local calls at cost-based rates as required by the Act. Under this approach, LCI would serve its customers as the local exchange and exchange access provider, while ensuring that the existing Ameritech network is used as efficiently as possible to complete local traffic.

Ameritech countered with two proposals, neither of which would provide LCI with non-discriminatory access to Ameritech's interoffice transport at cost-based rates. Ameritech's first proposal would force LCI to purchase dedicated transport from all end offices, and the second proposal would force LCI to complete calls over the Ameritech interoffice network, paying retail rates less the wholesale discount. Both of these proposals deter competition by limiting LCI's ability to purchase the combination of network elements necessary for reducing access costs.

B. Refusal to allow LCI to test the requested UNE platform

To avoid, at least temporarily, any legal disputes between LCI and Ameritech regarding transport arrangements contemplated by the Act, LCI indicated at the February 28 meeting a desire simply to test its proposed UNE platform. LCI even went so far as to agree to Ameritech's proposed compensation terms for using interoffice transport. Regarding the test, Ameritech indicated that it would provide LCI with the following data by March 7:

- The recording, measurement, and exchange of data required to support carrier billing by LCI as the provider of local switching and loop-related access services to other carriers for originating and terminating access;
- The recording, measurement, and exchange of data required for LCI to provide termination of other carriers' local traffic to LCI's customers served using unbundled local switching; and
- Systems and procedures required for ordering local transport and termination as a cost-based network function, in combination with the unbundled local switching element, to complete calls over the Ameritech interoffice network.

See Exhibit I. After failing to respond by March 7 as promised, Ameritech committed to responding by March 14. After failing to respond by March 14, I drafted an additional letter to Ameritech only to receive an evasive response on March 19.

LCI and Ameritech met again to discuss the proposed test on April 10. LCI reiterated its desire to test the systems needed to enable LCI, as the purchaser of unbundled local switching, to serve as the provider of call origination and termination. Ameritech rejected LCI's test proposal by letter dated April 16, and another exchange ensued. I have this date repeated, for the sake of ending what has begun to seem an interminable round of letters, the full details of LCI's test proposal, first put forward on February 28, 1997 and documented by us in full and complete detail.

As I stated in my letter to Ed Wynn of today, see Exhibit Y, I have begun to conclude that Ameritech is stalling the test as originally agreed to on February 28. I hope this is not the case. LCI remains ready to proceed promptly to test the UNE network platform and Ameritech's OSS and procedures by transitioning first our Chicago and Grand Rapids sales office and then friendly customers to the UNE platform, so that LCI and Ameritech can gain experience with Ameritech's OSS for the UNE platform.

III. AMERITECH'S FAILURE TO PROVIDE OSS PARITY

Ameritech's OSS fails to provide LCI and others with OSS parity. Ameritech's OSS (a) lacks the ability to respond adequately to customer-specific service problems, (b) is incapable of providing accurate and timely data critical to billing, (c) lacks mechanisms for providing accurate and timely ordering and provisioning information, and (d) will not improve through its planned electronic data interchange ("EDI") system because the system contemplated fails to correct or even directly address existing manual system problems.

A. Failure to respond adequately to customer-specific service issues

Ameritech has failed to provision correctly a number of LCI local customers, damaging our reputation as a local service provider in your region. Specific examples follow.

1. La Rabida Children's Hospital ("La Rabida")

La Rabida has remained a chronic problem since LCI first assumed this account on December 16, 1996. See Exhibit E. Ameritech's failure to provide order confirmation, its failure to provide timely usage information, and its failure to understand its own billing system caused LCI to lose this customer, greatly damaging LCI's reputation with health care providers in Illinois.

While LCI sent the order to Ameritech in December 1996, we did not learn until February that Ameritech was unable to fill La Rabida's order properly because of internal Ameritech billing problems. Ameritech apparently maintains two billing systems, an old system for accounts with grandfathered products and a new system for other accounts. Unfortunately the old billing system apparently is not compatible with Ameritech's new billing system, where Ameritech keeps all LCI accounts. This billing system incompatibility problem prevented Ameritech from properly generating customer usage data, without which we cannot bill our customers.

Based on Ameritech assurances, LCI believed that Ameritech and LCI had resolved La Rabida's billing and presubscribed interexchange carrier ("PIC") difficulties as early as January 22; however, problems persisted and LCI lost the La Rabida local account in February. See Exhibits E and R. Although LCI provisioned La Rabida back to Ameritech three months ago, Ameritech's internal billing system problems persist, and Ameritech continues to bill this account to LCI.

Ameritech's failure to handle this order has consumed a tremendous amount of LCI and Ameritech staff time, evidenced by the activities described in our follow-up letters of February 12, April 28, April 29, May 9, May 14, and May 20. See Exhibits E, R, S, V, W, and X. In spite of all of the work done to identify La Rabida's problems, we have real concerns that Ameritech has not implemented safeguards to prevent this type of problem from occurring in the future.

Once Ameritech completely converts La Rabida back to Ameritech, we request two additional actions. First, Ameritech and LCI need to draft a joint letter to La Rabida describing problems and delays, so that La Rabida will understand that it is Ameritech's legacy billing system which has caused these inordinate delays. Second, Ameritech needs to participate in a conference call with LCI staff to discuss compensation for La Rabida.

2. Embassy Executive Center ("Embassy")

Problems associated with our Embassy account took over six months to resolve -- from December 4, 1996 when Ameritech turned up the account, to May 13 when Ameritech indicated that it would credit Embassy for intraLATA toll charges. See Exhibits D, L, and W.

Similar to La Rabida, Embassy's problems emanated from compatibility problems between Ameritech's old and new billing systems. For customers with grandfathered products, billing system problems prevent Ameritech from properly generating customer usage data, without which LCI cannot bill its customers.

LCI received verbal notification that Ameritech completed the Embassy conversion on January 22 (we submitted the application to Ameritech on November 18, 1996), but because the account showed no traffic, we continued to research the issue and only then learned of the billing problem. See Exhibits D and L. Reliable confirmation and usage information would have enabled us to identify Ameritech's billing problem and resolve this problem more quickly.

Ameritech's internal billing problems created other problems as well. On the initial order, LCI listed Sprint as the long distance PIC; however, Ameritech incorrectly PIC'd the customer to LCI. LCI promptly informed Ameritech of this error, but Ameritech failed to execute the billing change. Ameritech staff later concluded that internal Ameritech billing problems delayed the PIC change, resulting in the error. See Exhibit L. Even worse, LCI has not received confirmation that Ameritech has in fact issued the credit to Embassy.

Ameritech has failed to work with LCI to prevent these issues from occurring with other customers. We repeatedly have asked Ameritech to provide timely usage information and a means to identify "grandfathered" accounts. See Exhibits C, D, L, N, O, R, S, W, and X. To date, Ameritech has failed to respond directly to or satisfy any of these requests. Because Ameritech has failed to provide a means by which we can avoid these problems from recurring, LCI is no better off operationally than it was last December.

3. Fox Valley Fire & Safety ("Fox Valley")

Issues related to Fox Valley also have remained unresolved since December 1996. While Ameritech has stated that it provisioned LCI's Fox Valley order on December 20, 1996, no usage appeared until May 10, 1997, nearly five months later. See Exhibits V, W. As for the traffic that has appeared, Ameritech has neither indicated when the usage occurred nor offered LCI any plans for reconciling this customer's billing records.

Without accurate confirmation notices and usage data, similar problems will continue to occur, absorbing excessive amounts of staff time and creating customer confusion and frustration.

4. Coaches Hotline

Our Coaches Hotline account also has been plagued with problems since December 1996. Ameritech indicated that Coaches Hotline would have LCI service by December 23, 1996, but on January 2, our customer informed us that the service change had not taken place. See Exhibit C.

LCI made a second provisioning request on January 30, which Ameritech failed to install correctly. See Exhibit U. During the install, Ameritech neglected to transfer the fourth line of the customer's hunt group, making only three of 29 lines properly usable for a period of over two months.

Ameritech's failure to provide timely usage data prevented LCI from identifying Ameritech's provisioning error before the problem occurred. Instead, the customer itself caught the error during a busy business day when its phones could not properly handle a large volume of incoming calls. While Coaches Hotline's service problems were resolved in March, as of today, Ameritech and LCI have not reached final agreement on an appropriate credit amount.

5 Mark IV Realty

On April 28 and May 1, LCI sent Ameritech information regarding several unidentifiable ANIs. See Exhibits V, W, X, and Z. Ameritech first told LCI that the ANIs were ours, but later indicated that the ANIs belong to Ameritech. Nearly four weeks later, this seemingly straightforward issue of who provides service to which ANIs remains unresolved. Most recently, Ameritech informed us that Mark IV's long distance PIC is AT&T and its intraLATA toll and local PIC is Ameritech. Yet LCI continues to receive large volumes of local usage for this customer, and, according to Mr. O'Sullivan, Ameritech remains "baffled." See Exhibit W.

B. Failure to provide timely and accurate information essential to billing

LCI depends on timely and accurate data on daily usage and monthly recurring charges to bill its customers. Because Ameritech consistently has failed to provide this data, LCI's billing processes have suffered.

1. General usage problems

Over a month ago, LCI provided Ameritech with a list of 168 telephone numbers ("TN") for which we have received no usage. See Exhibit Z. To date, Ameritech has researched only 30 of these TNs. In researching this issue, Ameritech staff noted that

One other consideration is the date when work was completed on the particular TN. (e.g., 773-637-6071 was on an order having an [Ameritech] due date of 2-21-97, it appears in the guide with an active date of 3-7-97; the order was not completed until 4-3-97)

See id. Thus, Ameritech's failure to complete orders accurately has contributed directly to usage problems. Furthermore, LCI apparently cannot rely on Ameritech due dates for completing orders. As noted, Ameritech indicated that it would complete the order mentioned by February 21, yet Ameritech did not complete the order until well over one month later. LCI must be able to rely on information provided by Ameritech.

2. Daily usage file timeliness

Timely daily usage is critical to LCI's billing operations. Without usage data, LCI cannot bill its customers. LCI receives essentially no call record information from Ameritech within 24 to 36 hours. Moreover, while Ameritech has promised to provide all daily usage data within 72 hours of the call date, LCI receives over 40% of the data late.

We first informed Ameritech of daily usage file problems on December 16, 1996. My staff and I followed up on this issue with letters dated January 29, February 19, March 26, April 9, and May 20, but Ameritech still has not brought us to parity. See Exhibits D, F, N, O, and X. Ameritech has this call record information available to it at the time the call passes through the switch. I see no reason, technological or other, why Ameritech cannot meet or beat its 72 hour contractual commitment to LCI. In fact, parity demands that LCI should receive access to usage data as LCI calls pass through the Ameritech switch.

Adding to our frustration was Ameritech's upgrading of the usage software it uses for resellers without informing LCI, which created additional delays. See Exhibit X. Ameritech needs to coordinate software and related service changes with LCI in order to resolve issues before problems emerge.

3. Ameritech's Electronic Billing System (AEBS) timeliness

Since our resale relationship began last year, LCI has received AEBS data sporadically:

- November data received via tape on 1/6;
- December data received via tape on 1/14;
- January data received via Connect:Direct on 3/1;
- February data received via Connect:Direct on 3/26;
- March AEBS data received via Connect:Direct on 4/17; and
- April AEBS data received via Connect:Direct on 5/16 -- note that your staff expressly guaranteed that we would receive April AEBS data by May 12.

See Exhibits S and X. Delayed AEBS data creates billing problems that adversely affect LCI's standing with existing and potential customers.

LCI first requested timely monthly recurring charge and non-recurring charge data on November 11, 1996. See Exhibit S. We reiterated our need via letter on January 29, February 19, April 29, and May 20. See Exhibits D, F, S, and X. As of today, we still have not received an outline of the process by which Ameritech will bring LCI to parity.

4. Resulting billing problems

Ameritech's failure to provide timely usage and AEBS data creates local and long distance billing delays. Late data directly causes late billing, and our new local customers have complained about not receiving local billing as quickly as they received bills when Ameritech provided their local service. For customers who want a combined local and long distance bill, receiving late data has forced LCI to delay billing customers for as many as five days.

LCI has devoted substantial efforts in attempting to get timely billing information from Ameritech, but Ameritech still consistently fails to meet agreed upon deadlines. See Exhibits D, F, N, O, S, and X. We cannot effectively compete with Ameritech in local markets if we cannot meet customer expectations, and we cannot meet customer expectations while Ameritech prevents LCI from achieving billing parity.

C. Failure to provide accurate and timely provisioning information

In order to provision accounts correctly, LCI needs complete access to grandfathered Ameritech products and USOCs.

1. Grandfathered Ameritech products

Internal Ameritech billing problems have made seemingly simple provisioning transactions monumentally difficult. Even though our agreement with Ameritech, Ohio states specifically that "Ameritech agrees to make Grandfathered Services available to LCI for resale," see Exhibit 2 at 3.1, Ameritech is unable to provide usage data for grandfathered products, apparently because of incompatibilities between Ameritech's old and new billing systems. As noted, Ameritech seems to maintain two billing systems, an old system for accounts with grandfathered products and a new system for other accounts. Problems with grandfathered products remain unresolved five months after they were first identified by LCI to Ameritech.

2. Regularly updated USOC information

Ameritech does not provide LCI with up-to-date USOC information, which LCI understands is revised monthly. Without up-to-date USOC information, we cannot correctly provision customer orders. LCI should receive access to USOC information on Ameritech's world wide web site, and, additionally, Ameritech should provide LCI with diskette updates of USOC information, including USOC name, plain English definition, rate by state, whether the USOC is associated with a term contract (and if so, indicate the contract length), whether the USOC is for business or residential customers, and whether the USOC is resellable.

Ameritech's failure to provide parity of access to important USOC information on a timely basis is a serious impediment to competition. Again, repeated requests have failed to resolve this issue.

D. Failure to develop an adequate electronic data interchange ("EDI") system

LCI currently is working with Ameritech to test and implement Ameritech's interpretation of the EDI guidelines, which we find woefully inadequate. Ameritech seems to take the position that simply developing an EDI system is enough. This position is incorrect. Ameritech must develop a complete EDI system. At a minimum, a complete EDI system must prevent existing problems from occurring, minimize order entry effort, provides access to internal ordering and billing status reports, and support all products, including UNEs.

LCI has received no assurances from Ameritech that its EDI system will correct existing OSS problems. Fully implementing the electronic interface without engineering solutions to avoid known problems will serve only to increase the number of problems as volume rises. Existing problems in today's environment have stretched LCI and Ameritech staff thin, and if Ameritech continues to develop an EDI system that does not

eliminate known problems, neither company will have the staff resources to resolve the vast number of issues that will result as the number of orders increases.

Currently, Ameritech's practice is to halt the editing process when it encounters the first error, instead of validating the entire service request. This means that LCI can make only one correction before it submits a revised request. Once the next release of the OSS gateway is implemented, Ameritech plans to provide up to 10 error messages per account and 10 error messages per line in each acknowledgment.

Under Ameritech's planned EDI system, LCI will not have access to status reports in Ameritech's internal systems that track ordering and billing. Without access to LCI accounts in Ameritech's internal systems, LCI will continue to lack the ability to resolve problems proactively. Electronic interfaces do not by themselves guarantee that an order successfully has navigated all the systems necessary for routing usage and billing information to LCI. For example, an order may complete the ordering process successfully, but fail in Ameritech's message guide system. Without access to the guide system, LCI will have to monitor line usage to confirm that Ameritech properly has filled the LCI order, which results in delayed customer billing.

Furthermore, Ameritech's planned EDI interface will not support UNE ordering. For UNEs, Ameritech plans to continue to maintain a wholly separate system, which does not follow EDI guidelines. This will require LCI to build another application and gateway to order UNE products.

Ameritech's EDI system as planned will not support increased competition; rather, it will increase the degree and scope of errors. At a minimum, until Ameritech commits to developing an EDI system that prevents existing problems from occurring, minimizes order entry effort, provides access to internal ordering and billing status reports, and support all products, OSS parity will not and cannot exist.

* * *

While this letter and exhibits is not intended to be an exhaustive description of LCI's difficulties with Ameritech, taken as a whole our experience to date demonstrates that Ameritech, both intentionally and through apparent understaffing and prolonged inattention to our repeated and documented request for help with problems created by Ameritech's systems, has engaged in a pattern of behavior designed to frustrate competition to the detriment of LCI and consumers.

LCI has worked hard and conscientiously to resolve customer problems with Ameritech, but has been met frequently with lack of meaningful response. We are

Mr. Neil Cox
May 22, 1997
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deeply concerned that despite public pronouncement that Ameritech's local markets are open to competition, the fact that is that, even at the minuscule scale at which competition exists today, Ameritech has not staffed to handle the problems, nor has it taken the steps necessary to convert its computer systems to operate in a manner which gives competitors and equal chance at Ameritech's current customer base.

These issues are critical to developing real competition in local markets, and need to be addressed by Ameritech immediately.

Sincerely,



Anne K. Bingaman

F

EXHIBIT F

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application of Ameritech)	
Michigan Pursuant to Section)	CC Docket No. 97-137
271 of the Telecommunications)	
Act of 1996 to Provide In-)	
Region, InterLATA Services in)	
Michigan)	

**AFFIDAVIT OF W. DAVID MARLIN
ON BEHALF OF LCI INTERNATIONAL TELECOM CORPORATION**

Before the
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AFFIDAVIT OF W. DAVID MARLIN
ON BEHALF OF LCI INTERNATIONAL TELECOM CORPORATION

I, W. David Marlin, being first duly sworn upon oath, do hereby depose and state:

1. I have been employed by LCI International Telecom Corporation ("LCI") for nearly nine years. For the past year, I have been the Operations Manager for LCI's Data Center. LCI's Data Center is responsible for, among other things, receiving and processing all billing data from calls made by LCI's long distance customers, both residential and business. The Data Center is also now responsible for receiving and processing the billing data that LCI receives from the Bell Operating Companies ("RBOCs") in those regions in which LCI provides local exchange service, including Michigan.

2. I am responsible for the day-to-day operations of the Data Center, and before becoming the Operations Manager, I helped design, develop, and implement the hardware architecture for the billing system LCI currently uses for invoicing its long distance service customers. I also helped design, develop, and implement LCI's call

record processing system, which electronically collects call record information from LCI switches. LCI uses this system to obtain, process, and transmit call record information to LCI customers that purchase long distance service for resale to others.

3. While LCI began reselling Ameritech local telephone service in Michigan in March 1997, LCI's resale experience with Ameritech goes back to October 1996, when LCI began reselling local service in Illinois. As discussed in more detail below, LCI has had considerable problems obtaining from Ameritech timely call record information for consumers who purchase local service from LCI in the Ameritech region, including Michigan.

4. Ameritech has a central office in Milwaukee, Wisconsin that is responsible for local resale throughout the Ameritech region. Because Ameritech uses a single facility for resale functions, including billing, the problems that LCI has experienced to date are not state specific. Indeed, the difficulties that LCI has experienced and which are addressed in this affidavit seem to pervade equally all Ameritech states.

5. As a reseller, LCI depends on Ameritech for the data LCI needs to bill its local customers. Ameritech is responsible for providing timely and accurate billing information to LCI so that LCI can bill its local customers. Ameritech sends two types of billing data to LCI: (1) daily usage files and (2) monthly bills from Ameritech's Electronic Billing Service (referred to by Ameritech as "AEBS"). Ameritech transmits both daily usage file data and AEBS data electronically across a network data mover known as "Connect:Direct." LCI utilizes the "Connect:Direct" electronic link specifically to speed the transmittal of daily usage file data from Ameritech.

Delays in Providing Call Record Information

6. Daily usage files ("DUF") contain the call record information that LCI needs to bill its local customers. When one of LCI's local customers makes a call, information concerning that call, including the customer's telephone number and the length of the call, is captured electronically by Ameritech's switch at the time the call passes through the switch. Ameritech sends this call record information to LCI in the DUFs, which are batch files that contain call record information for about 25,000 thousand calls on average.

7. Ameritech does not provide LCI with timely call record information even though Ameritech's switches capture that information as LCI calls pass through the switch. Ameritech should provide this information to LCI within 24 to 36 hours after the call passes through the switch, as that is the time in which LCI provides similar long distance call record information to resellers of LCI's long distance service. In our Ohio resale agreement, Ameritech committed to use "best efforts" to transfer call record information to LCI within 72 hours of a call.

8. Because call record data is critical to billing, LCI carefully tracks and generates reports concerning its receipt of daily usage files from Ameritech and other RBOCs. These daily usage file reports confirm that LCI receives virtually no call record information from Ameritech within 24 to 36 hours after a call is made. Moreover, over the past seven months (November 1996 through May 1997), Ameritech has been transmitting call record information four days or more after the calls were made on over